

## MEDICAID PHASE TWO PROGRAM SAVINGS

### **COST CONTAINMENT**

#### ***Ensure Medicaid is Payer of Last Resort***

- Enforce Medical Support Orders \$5 M
- Require Pharmacies to Bill Insurance Companies First \$2 M
- Require Medicare Certification for Nursing Facilities \$1.5 M
- Eliminate non-Medicaid Costs in Nursing Facility Rates \$10 M

\$18.5 M

#### ***Close Eligibility Loopholes***

- Eliminate Asset Shelter – Bonds \$4.5 M
- Obtain Lien Authority \$1 M

\$5.5 M

#### ***Enhance System Integrity and Program Effectiveness***

- Enhance Fraud and Error Monitoring \$1.5 M
- Increase Use of Restricted Card \$13.5 M
- Implement Hard Prospective Drug Utilization Review (DUR) Edits \$7 M
- Standardize Eligibility Periods \$8 M

\$30 M

#### ***Promote Appropriate and Cost-Effective Drug Utilization***

- Limit Number of Brand Name Prescriptions \$9 M
- Develop a Preferred Drug List \$30 M
- Expand Indiana Rational Drug Program \$1 M
- Limit Days Supply \$6 M

\$40.6 M

#### ***Reform Reimbursement Methodologies***

- Modify Profit Add-On Payment for Nursing Facilities \$10.6 M
- Establish a Minimum Occupancy Requirement for Nursing Facilities \$3 M
- Recalculate Nursing Facility Rates Every Two Years \$3.3 M
- Recalculate ICF/MR and CRF/DD Rates Every Two Years \$1.3 M

\$18.2 M

#### ***Modify Optional Services***

- Impose Annual Cap on Adult Dental Services \$10 M
- Limit Chiropractic Services \$6 M

\$10.6 M

### **REVENUE ENHANCEMENT**

- Maximize Federal Medicaid Funding \$8 M
- Adjust Disproportionate Share Payments \$15 M
- Implement Temporary Nursing Facility Provider Fee \$21 M

\$44 M

Total Cost Containment - Phase Two

\$123.4 M

Plus Total Revenue

\$44 M

\$167.4 M

Minus LTC Transition Fund

(\$ 12 M)

Total Phase Two Savings

\$155.4 M

Plus Phase One Savings

\$ 95.7 M

**TOTAL PROGRAM SAVINGS TO BALANCE BUDGET**

**\$251.1 M**

Note: In addition to the cost saving priorities listed above, OMPP will implement additional policy and programmatic initiatives, such as disease management, case management and expansion of the over-the-counter formulary. An exact estimate of savings for this biennium cannot yet be quantified for those initiatives; however, a description of each is included in the written summary.